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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	
)	Chapter 11
TERRESTAR NETWORKS INC., <i>et al.</i> , ¹)	
)	Case No. 10-15446 (SHL)
)	
Debtors.)	Jointly Administered
)	

**NOTICE OF CANCELLATION OF AUCTION AND ANNOUNCEMENT REGARDING
STALKING HORSE BIDDER AS THE WINNING BIDDER**

PLEASE TAKE NOTICE that, on April 15, 2011, the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) filed a motion (the “**Sale Motion**”) to, among other things, (a) establish auction and bid procedures (the “**Bid Procedures**”) with respect to the sale (the “**Sale Transaction**”) of substantially all of their assets (the “**Assets**”), (b) schedule an auction and sale hearing (the “**Sale Hearing**”) with respect to the Sale Transaction, and (c) approve the sale of the Assets and the assumption and assignment of certain contracts and leases relating thereto free and clear of all liens, claims, encumbrances and other interests. On May 4, 2011, the Court entered an order [Docket No. 577] (the “**Bid Procedures Order**”), among other things, approving the Bid Procedures and setting the initial date for the Sale Hearing.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal taxpayer-identification number, are: TerreStar Networks Inc. (3931), TerreStar License Inc. (6537), TerreStar National Services Inc. (6319), TerreStar Networks Holdings (Canada) Inc. (1337), TerreStar Networks (Canada) Inc. (8766); and 0887729 B.C. Ltd. (1345).

PLEASE TAKE FURTHER NOTICE that, on June 14, 2011, the Debtors filed a motion [Docket No. 617] (the “*Stalking Horse Motion*”)² with the Court seeking entry of an order (i) authorizing the Debtors to enter into a Stalking Horse Agreement with the potential purchaser (the “*Stalking Horse Bidder*”) and (ii) approving bid procedures and bid protections in connection therewith (the “*Amended Bid Procedures*”). On June 22, 2011, the Bankruptcy Court entered an order [Docket No. 645] (the “*Stalking Horse Order*”), among other things, approving the bid protections and the Amended Bid Procedures and setting a new date for the Sale Hearing.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Amended Bid Procedures, any bids for the Assets were required to be submitted so that they were actually received by the Debtors on or before 5:00 p.m. (ET) on June 27, 2011 (the “*Bid Deadline*”). The Debtors did not receive any Initial Incremental Qualified Bids. **Accordingly, the Auction, previously scheduled to be held on June 30, 2011, is cancelled.**

PLEASE TAKE FURTHER NOTICE that a hearing to approve the Sale to the Stalking Horse Bidder is currently scheduled to be held on **July 7, 2011 at 1:00 p.m. (prevailing Eastern Time)** at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, before the Honorable Sean H. Lane, United States Bankruptcy Court Judge, to consider the Debtors’ selection of the Stalking Horse Bidder as the highest or otherwise best bid and the approval of Sale Transaction. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open Court or on the Court’s docket.

² Capitalized terms used but not otherwise defined herein shall have the same meanings ascribed to them in the Stalking Horse Motion.

PLEASE TAKE FURTHER NOTICE that to the extent that you object to the Sale Transaction, then **you must file with the Bankruptcy Court and serve an objection upon the following parties, so as to be actually received by no later than 12:00 p.m. (prevailing Eastern Time) on July 5, 2011 (the “*Objection Deadline*”)**: (a) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036 (Attn: Ira S. Dizengoff, Esq., idizengoff@akingump.com; and Arik Preis, Esq., apreis@akingump.com), counsel to the Debtors; (b) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, New York, NY 10004 (Attn: Susan D. Golden); (c) Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, NY 10169 (Attn: Scott L. Hazan, Esq., shazan@oshr.com and David Posner, Esq.; dposner@oshr.com), counsel to the statutory committee of unsecured creditors appointed in these chapter 11 cases; (d) Bank of New York Mellon, 600 E Las Colinas Blvd, Ste. 1300, Irving, TX 75039 (Attn: Rhonda Tharp, Esq. rhonda.tharp@bnymellon.com; asicompliance@bnymellon.com), agent for the Debtors’ postpetition debtor-in-possession financing; (e) Emmet, Marvin & Martin, LLP, 120 Broadway, 32nd Floor, New York, NY 10271 (Attn: Elizabeth M. Clark, Esq., eclark@emmetmarvin.com), counsel to the agent for the Debtors’ postpetition debtor-in-possession financing; (f) U.S. Bank National Association, 60 Livingston Ave, St. Paul, MN 55107 (Attn: Cindy Woodward, cindy.woodward@usbank.com; David Johnson, david.johnson9@usbank.com), Collateral Agent for the Debtors’ purchase money credit facility; (g) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153 (Attn: Debra A. Dandeneau, Esq., debra.dandeneau@weil.com; Ronit J. Berkovich, Esq., ronit.berkovich@weil.com), counsel to Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P.; (h) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019 (Attn: Rachel C. Strickland,

Esq., rstrickland@willkie.com; Matthew A. Feldman, Esq.; mfeldman@willkie.com), counsel to EchoStar Corporation in its capacity as Lender under the Debtors' purchase money credit facility and Initial Lender under the Debtors' postpetition debtor-in-possession financing and counsel to the Purchaser; (i) U.S. Bank National Association as Indenture Trustee for the Debtors' 15% Senior Secured Notes and Kelley Drye & Warren LLP, 101 Park Avenue, New York, NY 10178 (Attn: James S. Carr, Esq. and Kristin S. Elliott, Esq. KDWBankruptcyDepartment@kelleydrye.com), counsel to the Indenture Trustee; (j) Deutsche Bank National Trust Company as Indenture Trustee for the Debtors' 6.5% Senior Exchangeable Notes and Foley & Lardner LLP, 321 North Clark Street, Suite 2800, Chicago, IL 60654 (Attn: Mark F. Hebbeln, Esq., mhebbeln@foley.com; Harold L. Kaplan, Esq., hkaplan@foley.com), counsel to the Indenture Trustee; (k) Quinn Emanuel Urquhart & Sullivan, LLP, 51 Madison Avenue, 22nd Floor, New York, NY 10010 (Attn: Susheel Kirpalani, Esq., susheelkirpalani@quinnemanuel.com; Scott C. Shelley, Esq., scottshelley@quinnemanuel.com; Daniel S. Holzman, Esq., danielholzman@quinnemanuel.com), counsel to certain holders of the Debtors' 6.5% Senior Exchangeable Notes; (l) the Internal Revenue Service, 290 Broadway, New York, NY 10007; (m) the Securities and Exchange Commission, New York Regional Office, 3 World Financial Center, Suite 400, New York, NY 10281 (Attn: George S. Canellos); (n) the United States Attorney for the Southern District of New York, One St. Andrews Plaza, New York, NY 10007 (Attn: Jeanette Vargas); (o) the Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554 (Attn: Office of the Secretary, fccinfo@fcc.gov; and Austin Schlick, austin.schlick@fcc.gov); (p) Industry Canada, Office of the Superintendent of Bankruptcy Canada, 25 St. Clair Ave. E., Suite 600, Toronto, Ontario, M4T1M2, Canada (Attn: CCAA Team); (q) Kirkland & Ellis LLP, 601 Lexington Avenue, New York, NY 10022 (Attn:

Jonathan S. Henes, Esq.; jonathan.henes@kirkland.com), and 300 North LaSalle, Chicago, IL 60654 (Attn: Patrick J. Nash, Esq.; patrick.nash@kirkland.com), counsel to certain holders of the Debtors' 15% Senior Secured Notes; (r) Sullivan & Cromwell LLP, 1888 Century Park East, Los Angeles, California 90067-1725 (Attn: Scott Miller, Esq.; millersc@sullcrom.com), counsel to DISH Network Corporation; and (s) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002.

New York, New York
Dated: June 28, 2011

/s/ Ira S. Dizengoff

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